

VZCZCXRO6889

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DE RUEHAA #1243 2721203

ZNR UUUUU ZZH

P 291203Z SEP 09

FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC 3534

INFO RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

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UNCLAS ASHGABAT 001243

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)

SUBJECT: TURKMENISTAN: NO PROGRESS ON CASPIAN LITTORAL PIPELINE

REF: ASHGABAT 640

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) The Turkmen government seems to have made little progress on the Caspian Littoral Pipeline project since President Berdimuhamedov's visit to Moscow in March. The pipeline project, also known as the Pre-Caspian Pipeline, is supposed to link Turkmenistan and Kazakhstan to Russia and to carry between 30 and 40 billion cubic meters (bcm) of Turkmen and Kazakh gas. The presidents of Russia, Kazakhstan, and Turkmenistan signed the Littoral Pipeline Construction Agreement in December 2007. Russia and Turkmenistan have both ratified this agreement, but Turkmenistan has not. There has not been any significant progress on the implementation of this project in any of the three countries since the agreement was signed.

¶3. (SBU) The Turkmen government has publicly mentioned the Caspian Littoral Pipeline project only twice since March: first, in President Berdimuhamedov's speech during Russian President Medvedev's and Kazakh President Nazarbayev's visit to Turkmenistan on September 13, and second, in President Berdimuhamedov's speech at the U.S. - Turkmenistan business forum on September 22 in New York. At the U.S. - Turkmenistan business forum, the Turkmen president mentioned the project along with the Nabucco and Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline projects, pointing out that these projects are in the development stages.

¶4. (SBU) Moreover, the GOTX has yet to announce the results of the tender for construction of its East-West pipeline (reftel), although it has been two months since the tender proposals submission deadline. The East-West Pipeline was planned in order to supply gas from Turkmenistan's eastern gas fields to the Caspian Littoral Pipeline, although it could also be tied into a Trans-Caspian route. A Ministry of Oil and Gas official told Embassy staff that there is currently no movement regarding either the Caspian Littoral Pipeline or the East-West Pipeline in the Ministry, but opined that these projects may be "bargaining chips" in the on-going gas negotiations between Gazprom and Turkmenistan.

15. (SBU) COMMENT: Currently, there is no real reason to believe that Turkmenistan will move on the Caspian Littoral Pipeline project any time soon, especially since Turkmengaz and Gazprom reportedly discussed a significant decrease in gas exports from Turkmenistan to Russia in 2010. The implementation of the East-West pipeline is also likely to be delayed as long as the fate of the Caspian Littoral Pipeline remains uncertain, leaving no west-bound options for the export of significant Turkmen gas volumes at present. END COMMENT

CURRAN